

# HOUSE BILL REPORT

## HB 2566

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**As Passed House:**

February 6, 1996

**Title:** An act relating to the definition of "sale" and related terms in chapter 9.46 RCW.

**Brief Description:** Defining "sale" and related terms with regard to gambling act.

**Sponsors:** Representatives Hickel, Costa and Chappell; by request of Secretary of State.

**Brief History:**

**Committee Activity:**

Commerce & Labor: 1/31/96, 2/1/96 [DP].

**Floor Activity:**

Passed House: 2/6/96, 96-2.

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass. Signed by 12 members: Representatives McMorris, Chairman; Hargrove, Vice Chairman; Thompson, Vice Chairman; Romero, Ranking Minority Member; Conway, Assistant Ranking Minority Member; Cairnes; Cody; Fuhrman; Goldsmith; Horn; Lisk and Cole.

**Staff:** Pam Madson (786-7166).

**Background:** Charitable organizations and commercial fund raisers are required to register with and report to the Secretary of State's office prior to conducting any solicitations. These requirements are designed to ensure that funds collected from the public by these organizations are collected by honest and appropriate methods and that the money collected is used for the intended charitable purpose. Under laws governing charitable solicitations, a solicitation is any oral or written request for a contribution including an attempt to sell items as part of the request for donation where (1) the requested donation is for a charitable purpose; (2) a charitable organization's name is used as an inducement for the donation; or (3) any statement is made implying that the donation will be used for a charitable purpose.

Fund raising conducted by charitable organizations using gambling activity such as raffles is excluded from requirements to register with the Secretary of State. This activity is not considered a solicitation. Raffles are governed by state gambling laws and rules of the state Gambling Commission. Under the state's gambling laws,

raffles are games where tickets bearing an individual number are sold for not more than \$25 each and where prizes are awarded based on a drawing.

Some charitable organizations are raising money through the use of raffles where the raffle ticket may be obtained by paying a donation. The amount of the donation varies with each participant.

**Summary of Bill:** The terms "sale" or "sold" are defined in the state's gambling laws to include a solicitation for a donation to participate in a raffle or contest whether or not a donation amount is suggested. Charitable or nonprofit organizations using raffles where tickets can be obtained through donations rather than a set price per ticket are subject to regulation by the Gambling Commission.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This bill ensures that all organizations who seek charitable donations are under either the Secretary of State's registration and reporting requirements or the Gambling Commission's rules for charitable fund raising. It is important to consumer protection for the public to know who is legitimately raising funds for charity, how much is raised, and how much actually goes to the charity. Members of the public have called with concerns about groups that do not report because they may not fall under either reporting system.

**Testimony Against:** None.

**Testified:** Linda Mackintosh, Office of the Secretary of State.